

HOUSE BILL REPORT

HB 1815

As Reported by House Committee On:
Education Appropriations & Oversight
Ways & Means

Title: An act relating to preserving the school district levy base.

Brief Description: Preserving the school district levy base.

Sponsors: Representatives Sullivan, Anderson, Haigh, Dammeier, Parker, Maxwell, Reykdal and Santos.

Brief History:

Committee Activity:

Education Appropriations & Oversight: 2/15/11, 2/21/11 [DPS];
Ways & Means: 2/24/11, 2/25/11 [DPS(APPE)].

Brief Summary of Substitute Bill

- Expands school districts' Maintenance and Operations levy base by including the positive difference between the per-pupil general apportionment for the 2009-10 school year (excluding per-pupil fringe benefits) and the district's per-pupil state general apportionment for the prior year (excluding per-pupil fringe benefits), multiplied by the district's average annual prior year enrollment.
- Excludes from this addition amounts already included in the levy base for the kindergarten through fourth grade staffing ratio enhancement.

HOUSE COMMITTEE ON EDUCATION APPROPRIATIONS & OVERSIGHT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Haigh, Chair; Probst, Vice Chair; Anderson, Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Dahlquist, Frockt, Hargrove, Hope, Maxwell, Nealey, Orwall, Reykdal, Rolfes, Santos, Seaquist, Sells, Short and Stanford.

Staff: Wendy Polzin (786-7137).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

The state authorizes school districts to collect local excess Maintenance and Operations (M&O) levies, which may last for up to four years, and provides levy equalization to districts with a tax rate greater than a statewide average rate.

Local excess M&O levies are based on a district's prior school year funding, which is primarily made up of state and federal dollars. For example, for calendar year 2011, the levy base is the 2009-10 school year.

In addition to state and federal funding received by a district, the Legislature has allowed certain other state funding that has been suspended or eliminated to be included in the levy base for purposes of local revenue and levy equalization.

Legislation enacted in the 2010 session included in districts' levy bases funds for the levies collected calendar years 2011-17 that were not actually received by districts. For the purposes of calculating the levy base, the Legislature has allowed the inclusion of funds not received for Initiative 728 (student achievement program), Initiative 732 (cost of living increase), and the kindergarten through fourth grade (K-4) grade staffing enhancement.

Summary of Substitute Bill:

The levy base is increased to reflect the differences between funding levies for school year 2009-10 and future funding years. The amount added to the levy base is calculated by first determining the per-pupil difference between 2009-10 general apportionment, excluding per-pupil fringe benefits, and that for the prior school year, if the first number is bigger than the second, and then multiplying this amount by the district's average annual enrollment. This addition to the levy base does not double count K-4 staffing ratio reductions.

Substitute Bill Compared to Original Bill:

The original bill included the positive difference between a district's per-pupil state general apportionments for the 2009-10 school year in sections 502 through 504, (chapter 564, Laws of 2009), compared to the district's per-pupil state general apportionment for the prior school year, multiplied by the district's average annual enrollment for the prior year, for calendar years 2011-2017. The substitute bill does the same, but excludes from the calculation the per-pupil amount for fringe benefits in section 502(4) from the calculation, and specifies that in this calculation the K-4 staffing ratio enhancements already included in the base are not included in the calculation.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 22, 2011.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to changes in the levy base, which takes effect January 1, 2012.

Staff Summary of Public Testimony:

(In support) Levy equalization is good for students; without it, funding for programs, including specialized programs, will deteriorate. Para-educators benefit from levy equalization funds. In some districts taxes are too high and taxpayers are too few. Property values make things very unequal. Districts are heavily dependent on Local Effort Assistance (LEA) and parents are worried that staff and programs may go away if the LEA goes down. This legislation is good for districts. Without this bill, some districts will not be able to collect all funding approved by locals. This legislation will offset the erosion of state funding.

(With concerns) Legislation lacks specificity for what general apportionment is and if the K-4 grade enhancement is being double counted. Changes would address these concerns and give clarity to what is intended.

(Opposed) None.

Persons Testifying: (In support) Lori Cloud, Tahoma School District; Susan Leland, Highline Public Schools; Hannah Lidman, League of Education Voters; Linda Wright, Nicki Johnson, and Dennis Angell, Service Employees International Union 925; Randy Parr, Washington Education Association; Mitch Denning, Alliance of Education Association; Dan Steele, Washington Association of School Administrators; and Clifford Traisman, Seattle Public Schools.

(With concerns) Shawn Lewis, Office of the Superintendent of Public Instruction.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill by Committee on Education Appropriations & Oversight be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Minority Report: Do not pass. Signed by 1 member: Representative Chandler.

Staff: Wendy Polzin (786-7137).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Education Appropriations & Oversight:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to changes in the levy base, which takes effect January 1, 2012.

Staff Summary of Public Testimony:

(In support) There is support for the intent of both levy bills and the amendments adopted by the prior committee. After the budget crisis has passed, there is interest in starting over with an entirely new system of levies; however, this is the correct action to take now. Substitute House Bill 1815 is a hold-harmless bill. There is interest in maintaining the funding that voters have already approved. When there are cuts in state funding there is a double-whammy effect on school districts' local levies.

(Opposed) None.

Persons Testifying: Randy Parr, Washington Education Association; Hannah Lidman, League of Education Voters; and Charlie Brown, The School Alliance.

Persons Signed In To Testify But Not Testifying: None.